Trade and Agriculture
What's at Stake for Idaho?

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Idaho produces agricultural products that are exported worldwide. In fiscal year 2000, the State's total cash receipts from farming reached $3.4 billion, and exports were estimated at $826.4 million. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation. These exports helped boost farm prices and income, while supporting about 12,500 jobs both on the farm and off the farm in food processing, storage, and transportation. The State's reliance on agricultural exports was 24 percent in 2000.

Idaho's top five agricultural exports in fiscal year 2000 were:

- vegetables -- $303 million
- wheat and products -- $151 million
- live animals and red meats -- $98 million
- dairy products -- $54 million
- feeds and fodders -- $51 million

World demand for agricultural, fish and wood products is increasing, but so is competition among suppliers. If Idaho's industries are to compete successfully for export opportunities in the 21st century, they need *fair trade* and *more open access* to growing global markets.

Idaho Benefits From Trade Agreements

Idaho is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of new market opportunities for Idaho include:

- The nation's leading potato producer, Idaho benefits under the North American Free Trade Agreement as Mexico phases out its in-quota tariff rate on frozen potatoes (initially at 15 percent in 1993) by 2003. At the same time, a special safeguard tariff rate quota of 1,800 tons will grow at a compound annual rate of 3 percent. These changes support U.S. french fry exports to that country, which rose from $9.6 million in 1994 to $21.9 million in 2000.

- Idaho benefitted from the Uruguay Round agreement when Japan lowered tariffs on most fresh and processed vegetables to between 3 to 9 percent by 2000, and South Korea committed to lower tariffs on many vegetable products by 2004. Supported in part by falling tariffs, U.S. exports of several vegetables to Japan increased: between 1995 and 2000, fresh broccoli sales rose 63 percent to $59 million, and fresh celery sales jumped 85 percent to $2.4 million.

- Idaho, a large wheat producer, benefitted from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 4.5 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 3-million-ton increase in the EU market, half of which is supplied by the United States.

Idaho benefitted as Japan reduced its tariffs on chilled and frozen beef to 38.5 percent, a move that exceeded its Uruguay Round commitment. Japan's imports of U.S. beef rose from 274,000 tons valued at $1.3 billion in 1994 to 368,000 tons worth $1.5 billion in 2000. South Korea eliminated its chilled and frozen beef import quotas in 2001, and will reduce its tariffs to 40 percent by 2004. Supported in part by these changes, South Korea's imports of U.S. beef rose from 60,000 tons valued at $227 million in 1994 to 143,000 tons worth $506 million in 2000.

Under the North American Free Trade Agreement, Mexico eliminated its 15-percent tariff on live slaughter cattle, its 20-percent tariff on chilled beef, and its 25-percent tariff on frozen beef. Its 20-percent tariff on beef offal will be eliminated by 2003. Mexico has been the fastest-growing market for U.S. beef, supported in part by the elimination of tariff barriers. U.S. beef exports to Mexico rose from the 1993 pre-NAFTA level of 39,000 tons valued at $116 million to 179,000 tons valued at $531 million in 2000.

Idaho benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at $486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.